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Message Text

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12
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666
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C O N F I D E N T I A L STATE 278478

FOR ASSISTANT SECRETARY ENDERS

FOLLOWING REPEAT LUSAKA 2285 ACTION SECSTATE KINSHASA INFO
BLANTYRE DAR ES SALAAM GABORONE LOURENCO MARQUES LONDON MBABANE
NAIROBI PRETORIA CINCLANT USCINCEUR DTD 22 NOV

QTE

C O N F I D E N T I A L LUSAKA 2285

KINSHASA FOR ACTING ASST. SECTY MULCAHY

EO 11652: GDS
TAGS: ETRD, EAID, ELTN, MZ, SF, RH, ZA
SUBJECT: ZAMBIAN COPPER DELIVERIES

REF: LOURENCO MARQUES 1020

1. WE HAVE NO AUTHORITATIVE CONFIRMATION THATZAMBIAN COPPER
EITHER BEING OR ABOUT TO BE EXPORTED VIA RHODESIA. COPPER
COMPANIES AS WELL AY ZAMBIAN GOVERNMENT OFFICIALS REFUSE TO
BE DRAWN OUT ON THIS SUBJECT ABOUT WHICH THERE CONTINUES TO BE
MUCH SECRECY. HOWEVER, WE FIND REPORT REFTEL ECONOMICALLY
PLAUSIBLE ALTHOUGH NOT YET POLITICALLY FEASIBLE FOR SEVERAL
REASONS:
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(A) SHEER ECONOMIC NECESSITY. MINING COMPANIES NOW FIND THEMSELVES IN PAINFUL CASH SQUEEZE. PRODUCTION COSTS ARE WELL IN EXCESS OF SALES REVENUE AND PRESSURES BOTH TO REDUCE COSTS AND MOVE MORE COPPER TO MARKET ARE MOUNTING. ESTIMATED 25-30 THOUSAND TONS OF COPPER COULD NOT BE SHIPPED IN OCTOBER BECAUSE OF TRANSPORT DIFFICULTIES. WITH COMPANIES ESTIMATING THEIR EXTERNAL FINANCING REQUIREMENTS THROUGH END OF 1976 IN RANGE OF $500 MILLION, EVEN AFTER MAKING FAVORABLE ASSUMPTIONS FOR ABILITY TO MOVE COPPER, ECONOMIC LOGIC STRONGLY ON SIDE OF REOPENING RHODESIAN ROUTE.

(B) NEED FOR ADDITIONAL TRANSPORT ROUTES. POWER, TRANSPORT, AND WORKS MINISTER MULENGA TOLD PRESS NOV. 18 THAT 60,700 TONS OF FERTILIZER URGENTLY NEEDED FOR CURRENT CROP PLANTING SEASON WERE LYING UNCOVERED IN DAR ES SALAAM AND AN ADDITIONAL 68,000 TONS OF GENERAL CARGO AWAITING SHIPMENT TO ZAMBIA FROM THAT PORT. ROAD TRANSPORT FACILITIES UNABLE TO COPE WITH BACKLOG AT BEIRA WHERE 45,000 TONS OF CARGO ARE BACKLOGGED. BENGUELA RAILWAY TO LOBITO STILL CLOSED AND CONTINUED FGHTING IN ANGOLA MAKES SECURITY THIS ROUTE AN IFFY PROSPECT. TANZAM RAILWAY IS NOW OPEN BUT TRACKBED REPORTEDLY UNABLE TAKE HEAVY LOANS AND MAXIMUM USE OF THIS ROUTE STILL MANY MONTHS IN FUTURE.

(C) GROWING BELIEF HERE THAT ZAMBIA BEARING DISPROPORTIONATE SHARE OF ECONOMIC SACRIFICES. THIS BELIEF VOICED PUBLICLY ON NOV. 18 BY LIVINGSTONE MP AND FORMER FINANCE MINISTER ARTHUR WINA WHO POINTED OUT THAT ZAMBIA HAD PAID HIGH ECONOMIC PRICE FOR ITS STAND ON RHODESIA AND AND COUNTRY SHOULD NOW REVIEW ITS POLICY TOWARD USE OF "ECONMIC AND EFFICIENT ROUTE" THROUGH RHODESIA. WE HAVE BEEN UNABLE THUS FAR TO EXPLORE WHETHER WINA'S STATEMENT MERELY EXPRESSION OF PAROCHIAL INTEREST OR VONSTITUTES POSSIBLE TRIAL BALOON ON BEHALF OTHER ELEMENTS WITHIN GRZ. (WINA'S BROTHERN SIKOTA, IS SENIOR MEMBER OF PARTY CENTRAL COMMITTEE.) THIS ZAMBIAN SENSE OF GRIEVANCE UNDOUBTEDLY REINFORMCED BY FAILURE DURING RECENT ARUSHA MEETING WITH EAST AFRICAN HARBORS CORPORATION TO WIN REDUCTION IN PORT SURCHARGES AT DAR.

(D) RAIL LINK ALREADY IN LIMITED USE BETWEEN RHODESIA AND
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ZAIRE. BUSINESS CONTACTS HAVE INCREASINGLY SUGGESTED TO US THAT BORDERDAS BECOME MORE POROUS TO ZAMBIAN-BOUND CARGO AS WELL IN RECENT MONTHS, ESPECIALLY COAL FROM RHODESIA'S WANKIE COLLIERY. LOGIC OF ALLOWING ESSENTIAL IMPORTS THROUGH BORDER WHILE PROHIBITING EQUALLY ESSENTIAL EXPORTS BECOMING MORE DIFFICULT TO DEFEND. FURTHER CLUES IN THIS REGARD INCLUDE RECENT STATEMENT TO US BY OPERATIONS MANAGER OF GRZ PARASTATAL THAT HE INSTRUCTED TO REDUCE FROM 18 TO 12 ORDER FOR TANKER TRUCKS

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TO BE USED TRANSPORT LUBRICANTS FROM SOUTH AFRICA BECAUSE COMPANY WILL SOON BE USING MORE EFFICIENT DIRECT ROUTE THROUGH RHODESIA. ALSO, ZAIRE-BASED FLUOR UTAH REP TOLD US GRZ CONSIDERING ZAIRE GOVT REQUEST TO PERMIT USE OF CHIRUMDU BRIDGE BETWEEN ZAMBIA AND RHODESIA TO TRANSPORT EQUIPMENT UNSUITED FOR RAIL TRANSPORT TO ZAIRE. HE SPECULATES THIS REQUEST LIKELY COME UP IN MOBUTU-KAUNDA TALKS THIS WEEKEND.

2. WHILE ECONOMIC PRESSURES WOULD APPEAR BE OVERWHELMINGLY IN FAVOR OF EARLY REOPENING OF RHODESIAN ROUTE, IF ONLY SECRETLY, TO ZAMBIAN COPPER EXPORTS, EXPERIENCE HAS SHOWN THAT PRESIDENT KAUNDA WILLING TO SACRIFICE ZAMBIAN ECONOMIC INTERESTS IN ORDER TO PRESERVE IMPORTANT POLITICAL PRINCIPLES. ATHVERY LEAST, PRESIDENT MAY INSIST THAT DECISION TO USE RHODESIAN ROUTE BE DEFERRED UNTIL RESULTS OF NKOMO-SMITH PRELIMINARY TALKS KNOWN AND LIKELIHOOD THAT CONSTITUTIONAL TALKS CAN COMMENCE WITH FAIR CHANCE FOR SUCCESS ASSESSED. NKOMO HAS PUBLICLY SPECULATED THAT THIS MAY BE KNOWN BY END OF NOVEMBER AFTER HIS NEXT MEETING WITH SMITH. KAUNDA THEREFORE LIKELY WITHHOLD ANY ACTION ON AUTHORIZING USE OF RHODESIAN ROUTE UNTIL THEN AS COMMENCEMENT OF CONSTITUTIONAL TALKS WOULD EASE POLITICAL RISK HE SEES IN REVERSING 1973 ZAMBIAN DECISION TO KEEP RHODESIAN BORDER CLOSED AND FOR WHICH ZAMBIA SUCCESSFULLY APPEALED FOR INTERNATIONAL, INCLUDING US, FINANCIAL AID THROUGH UN.
WILKOWSKI UNQTE INGERSOLL

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